

Some Major DON'Ts for Homeowners in Financial Distress

Do not panic. Get information on the foreclosure process in your state; find out how much time you have to resolve your problems short of losing your home. Make sure you understand all the deadlines for responding to court documents, documents from lenders, and other important papers. Be sure that you know the point at which you can lose the legal right to own your home.

Ask a lawyer to review any contract you are asked to sign. Make sure this is an attorney that you have chosen, without any help from the person who wants you to sign the contract. If the other party will not give you an advance copy of the contract, or discourages you from consulting your own attorney, it is a sign that he or she has something to hide. See page 34, above, for suggestions about finding a lawyer.

Never sign a contract under pressure. Take your time to review the paperwork thoroughly, preferably with a lawyer who is representing your interest.

Do not sign away ownership of your property (often referred to as a "quit claim deed") to anyone without advice from your lawyer. Be suspicious of offers to take over ownership of your home as part of a deal that will allow you to lease it and then buy it back after two or three years; experience shows that the buy-back is often extremely expensive or otherwise out of reach, so in reality you either never get your home back or, if you do, you have paid an outrageous amount to recover it.

Do not pay your mortgage payments to someone other than your lender even if he or she promises to pass the payments on to the mortgage company.

If you find you cannot pay your mortgage do not ignore warning letters from your mortgage lender. Call your lender, housing counselor, or a lawyer for help.

Beware of any home sale contract where you are not formally released from liability for your mortgage. Surprisingly, some people lose their home but still wind up owing on the mortgage! Make sure you know what rights you are giving up in any contract and that you agree to give them up.

Never make a verbal agreement. Get all promises in writing and get copies of the agreement.

Do not sign anything containing blank lines or spaces. Information can be added later without your permission.

Do not fall for promises like these, often used to lure homeowners into deals that will cost them a lot more than they will "save":

- "We will save your credit."
- "We will pay your first two months' rent or payments in your new place."
- "You will get several thousand dollars in cash back that you can use any way you want."
- "If you sign the house over to us the foreclosure will be recorded against us, not you."
- "We will buy your house 'as is.'"
- "We guarantee we will find you a buyer in seven (or 14) days."
- "We will help you file bankruptcy to stop this foreclosure."³
- "It may cost you thousands more if your property is sold at public auction."
- "We will give you \$40 in Free Gas."

If you do not speak English, use your own translator. Do not depend on the "rescue" firm's translator.